

AMENDED IN ASSEMBLY JANUARY 11, 2006

AMENDED IN ASSEMBLY JANUARY 4, 2006

AMENDED IN ASSEMBLY APRIL 7, 2005

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

ASSEMBLY BILL

No. 326

Introduced by Assembly Member Blakeslee

February 10, 2005

An act to amend Sections 270 and 275 of the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 326, as amended, Blakeslee. Telephone corporations: universal service.

Existing law, the federal Telecommunications Act of 1996, establishes a program of cooperative federalism for the regulation of telecommunications to attain the goal of local competition, while implementing specific, predictable, and sufficient federal and state mechanisms to preserve and advance universal service, consistent with certain universal service principles. The act authorizes states to adopt regulations not inconsistent with Federal Communications Commission rules to preserve and advance universal service. The act requires that every telecommunications carrier that provides intrastate telecommunications services contribute, on an equitable and nondiscriminatory basis, in a manner determined by the state, to the preservation and advancement of universal service in that state. The act authorizes each state to adopt regulations to provide for additional definitions and standards to preserve and advance universal service within the state, only to the extent that they adopt additional specific,

predictable, and sufficient mechanisms that do not rely on or burden federal universal service support mechanisms.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law authorizes the commission to fix just and reasonable rates and charges. Existing law establishes the California High-Cost Fund-A Administrative Committee Fund, the California High-Cost Fund-B Administrative Committee Fund, the Universal Lifeline Telephone Service Trust Administrative Committee Fund, the Deaf and Disabled Telecommunications Program Administrative Committee Fund, the Payphone Service Providers Committee Fund, and the California Teleconnect Fund Administrative Committee Fund in the State Treasury and requires that the moneys in the funds be expended only to accomplish specified telecommunications universal service programs, upon appropriation. Existing law provides that moneys in the funds are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service.

This bill would prohibit moneys in the universal service program funds from ~~being reallocated~~ *being reallocated* within the General Fund for any purpose or to support any program other than as authorized. ~~The bill would declare that any prior diversion, reallocation, or loan of moneys from the funds threatens achievement of federal and state universal service goals and threatens the public health and safety by detrimentally affecting the public switched telephone network, and would require that by March 1, 2007, any prior diversion, reallocation, or loan of moneys in the universal service program funds, with certain exceptions, be repaid to the universal service program fund from which the diversion, reallocation, or loan was made.~~ The bill would make legislative findings and declarations that because maintenance of universal public switched telephone network service throughout the state and maintenance of public safety answering points in high-cost areas of the state rely on appropriations from the California High-Cost Fund-A Administrative Committee Fund, maintaining adequate funding levels for the fund is critical to public health and safety.

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~*no*. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 270 of the Public Utilities Code, as amended by Section 25 of Chapter 73 of the Statutes of 2005, is amended to read:

270. (a) The following funds are hereby created in the State Treasury:

(1) The California High-Cost Fund-A Administrative Committee Fund.

(2) The California High-Cost Fund-B Administrative Committee Fund.

(3) The Universal Lifeline Telephone Service Trust Administrative Committee Fund.

(4) The Deaf and Disabled Telecommunications Program Administrative Committee Fund.

(5) The Payphone Service Providers Committee Fund.

(6) The California Teleconnect Fund Administrative Committee Fund.

(b) Moneys in the universal service program funds are the proceeds of rates and are held in trust for the benefit of telephone corporation ratepayers and to compensate telephone corporations for their costs of providing universal service. Moneys in the funds shall not be reallocated within the General Fund for any purpose or to support any program other than as authorized within this chapter. Moneys in the funds may only be expended pursuant to this chapter and upon appropriation in the annual Budget Act or upon supplemental appropriation.

(c) Moneys in each fund may not be appropriated, or in any other manner transferred or otherwise diverted, to any other fund or entity, except as provided in Sections 19325 and 19325.1 of the Education Code.

~~(d) Any prior diversion, reallocation, or loan of moneys from the universal service program funds threatens achievement of federal and state universal service goals and threatens the public health and safety by detrimentally affecting the public switched telephone network. Not later than March 1, 2007, any prior diversion, reallocation, or loan of moneys in the universal service program funds, except as provided in Section 276.5 or Sections 19325 and 19325.1 of the Education Code, shall be repaid to the~~

1 ~~universal service program fund from which the diversion,~~
2 ~~reallocation, or loan was made.~~

3 SEC. 2. Section 275 of the Public Utilities Code, as amended
4 by Section 1 of Chapter 767 of the Statutes of 2004, is amended
5 to read:

6 275. (a) There is hereby created the California High-Cost
7 Fund-A Administrative Committee, which is an advisory board
8 to advise the commission regarding the development,
9 implementation, and administration of a program to provide for
10 transfer payments to small independent telephone corporations
11 providing local exchange services in high-cost rural and small
12 metropolitan areas in the state to create fair and equitable local
13 rate structures, as provided for in Section 739.3, the development
14 of a grant program for the construction of telecommunications
15 infrastructure as set forth in Section 276.5, and to carry out the
16 program pursuant to the commission's direction, control, and
17 approval.

18 (b) All revenues collected by telephone corporations in rates
19 authorized by the commission to fund the program specified in
20 subdivision (a) shall be submitted to the commission pursuant to
21 a schedule established by the commission. The commission shall
22 transfer the moneys received to the Controller for deposit in the
23 California High-Cost Fund-A Administrative Committee Fund.
24 All interest earned by moneys in the fund shall be deposited in
25 the fund. Any unexpended revenues collected prior to the
26 operative date of this section shall be submitted to the
27 commission, and the commission shall transfer those moneys to
28 the Controller for deposit in the California High-Cost Fund-A
29 Administrative Committee Fund.

30 (c) Moneys appropriated from the California High-Cost
31 Fund-A Administrative Committee Fund to the commission shall
32 be utilized exclusively by the commission for the program
33 specified in subdivision (a), including all costs of the board and
34 the commission associated with the administration and oversight
35 of the program and the fund.

36 (d) The Legislature finds and declares that because
37 maintenance of universal public switched telephone network
38 service throughout the state and maintenance of public safety
39 answering points in high-cost areas of the state rely on
40 appropriations from the California High-Cost Fund-A

- 1 Administrative Committee Fund, maintaining adequate funding
- 2 levels for the fund is critical to public health and safety.

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